

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,
Department of Insurance, Securities
and Banking,

Petitioner,

v.

D.C. Chartered HEALTH PLAN, INC.,

Respondent.

Civil Action No. 2012 CA 008227 2
Judge Anthony C. Epstein
Calendar 15
Next Event: Status Hearing
July 9, 2021, at 11:00 am

**THE REHABILITATOR’S FINAL ACCOUNTING AND
MOTION TO DISTRIBUTE ASSETS AND CLOSE ESTATE**

COMES NOW Karima M. Woods, Commissioner of the District of Columbia Department of Insurance, Securities and Banking (“DISB”), in her statutory capacity as Rehabilitator of D.C. Chartered Health Plan, Inc. (“Chartered”), by and through Daniel L. Watkins, Special Deputy Rehabilitator (collectively referred to as “Rehabilitator”) and their attorneys, and request that this Court enter an Order approving the Rehabilitator’s final accounting and providing authority to pay current and projected Class 1 administrative expenses, distribute the estate’s remaining assets for Class 3 healthcare provider claims, and close the estate.

In support of this Application, the Rehabilitator respectfully shows and represents to the Court the following:

1. Chartered is a District of Columbia-domiciled Health Maintenance Organization (“HMO”). On October 19, 2012 (“Rehabilitation Date”), this Court entered its Rehabilitation Order appointing the Commissioner DISB as the Rehabilitator for Chartered.

2. Pursuant to the Rehabilitation Order and D.C. Code §§ 31-1303, 31-1310 through 31-1312, and 31-3420, the Rehabilitator acts for and on behalf of Chartered, and is vested by operation of law with title to all of the property, contracts, rights of action, and books and records of Chartered. In accordance with D.C. Code §§ 31-1303, *et. seq.*, the Rehabilitator has marshaled all known assets of Chartered and administered them under the general supervision of this Court pursuant to the Plan of Reorganization approved by the Court on March 1, 2013. Periodic reports and accountings to the Court have been filed by the Rehabilitator.

3. At December 31, 2020, the known remaining assets of Chartered totaled \$4,685,124 in cash. There are no restrictions or encumbrances upon these assets, which are available to pay remaining Class 1 expenses and Class 3 claims of Chartered.

4. The Rehabilitator made asset recoveries totaling \$50,575,035, including \$48,000,000 from the Department of HealthCare Finance for healthcare provider payments, and \$2,575,035 from reinsurance and pharmacy rebate payments. Claim audits led to recoupment of approximately \$10 million from healthcare providers. Class 1 expenses of the Rehabilitation have been paid through January 2021.

5. Class 3 healthcare provider claims and appeals allowed in the Rehabilitation totaled \$67,035,642. Payments for 83.88% of reported and allowed Class 3 healthcare provider claims and appeals were approved by the Court and distributed in late 2013 and 2014 totaling \$56,563,378. A balance of \$10,472,264 in Class 3 healthcare provider claims remain unpaid.

6. Exhibit A, attached, sets out projected Class 1 closing expenses and the balance of Chartered's assets proposed to be distributed on Class 3 claims to healthcare providers in a final asset distribution. A final asset distribution of 5% of total healthcare provider claims will bring total estate

payments on Class 3 claims to 89.88% of the total claims and appeals allowed by the Rehabilitator and approved by the Court.

7. Projected remaining Class 1 administrative expenses necessary to close out the estate total \$674,372. The major closeout expenses are related to Chartered's federal tax liability of \$185,045 and record and data storage and destruction costs totaling \$278,962. The Rehabilitator and her Special Deputy have recently filed a Motion to Approve the Closing Agreement with the Internal Revenue Service and authorize payment of the federal tax liability, and the Court on May 28, 2021, entered its Order Approving Rehabilitator's Motion to Dispose of Records and to spend estate funds needed to do so.

8. The final Class 3 claim amount to be distributed from the balance of assets in a final distribution after payment of administrative claims is projected to be \$3,885,902 as set out in Exhibit A. The net claim amount is summarized from voluminous records of the Chartered estate and extensive reports on claims and claim appeals which have been allowed by the Rehabilitator and approved by this Court in prior orders. The Rehabilitator recommends for purposes of efficiency and cost that Class 3 distributions to healthcare providers be subject to a \$100.00 minimum payment, and that the Court excuse the Rehabilitator from paying any claim distribution less than this minimum amount.

9. Certain Class 4 through Class 9 claims have been filed with the Chartered estate. Claims in Class 4 and below cannot be paid in any amount because insufficient assets are available to pay 100% of all Class 3 claims as provided in the Plan of Reorganization.

10. After final distribution of Chartered assets is made in accordance with this Application and proposed Order and costs of Class 1 expenses have been paid, the Rehabilitator will prepare and file a final federal tax return and dissolve Chartered as an entity.

11. The Rehabilitator will provide notice of this application to the service list in this proceeding and to creditors with claims exceeding \$100.00.

12. The Rehabilitator believes and states to the Court that the final distribution of assets for projected Class 1 expenses and to Class 3 claimants, the dissolution of Chartered, and the closing of this estate are in the best interest of the Chartered, its creditors and the estate.

13. The Rehabilitator recommends that the Order approving this Final Accounting and Motion to Distribute Assets, Dispose of Records and Close Estate provide that after the Rehabilitator files a Certificate of Compliance with the Court concerning completion of final distribution of assets (subject to a \$100.00 minimum payment on Class 3 claims), disposal of records, filing of final tax returns and other closeout activities, including the dissolution of Chartered, the Rehabilitator, her Special Deputy, prior Rehabilitators and their agents, counsel, employees and consultants be discharged completely and fully from all obligations, claims, demands, or actions which in any manner arise out of or relate to acts and/or conduct undertaken in connection with the Rehabilitation of Chartered.

WHEREFORE, the Rehabilitator hereby moves this Court for an Order approving the final distribution of estate assets as set out herein including projected Class 1 expenses and closeout costs and payment of Class 3 claims (subject to a \$100.000 minimum payment) according to this Application and attached schedule; authorizing closure of the estate upon filing of final tax returns and dissolution of Chartered; and authorizing the Rehabilitator to file a Certificate of Compliance regarding the completion of those actions. The Rehabilitator hereby requests that the Court enter said Order without a hearing on this Application unless a specific objection, with a request for hearing, is filed with the Court and served upon the Rehabilitator within seventeen (17) days of the filing and service of this Motion.

Date: June 2, 2021

Respectfully submitted,

/s/ Richard E. Hagerty

Richard E. Hagerty (D.C. Bar No. 411858)
Troutman Pepper Hamilton Sanders LLP
401 9th Street, N.W., Suite 1000
Washington, DC 20004
(202) 274-1910
(703) 448-6520 (facsimile)
richard.hagerty@troutman.com

*Attorneys for the Rehabilitator and D.C. Chartered
Health Plan, Inc.*

RULE 12-I(a) CERTIFICATION

I hereby certify that given the large number of Class 3 creditors in this manner requesting and obtaining their consent to the relief requested in this Motion is not practical.

/s/ Richard E. Hagerty

Richard E. Hagerty

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of June, 2021 a copy of the foregoing *Rehabilitator's Final Accounting and Motion to Distribute Assets and Close Estate* and Proposed Order was filed and served by e-mail upon:

Karima M. Woods, Rehabilitator
c/o Adam Levi
Department of Insurance, Securities
and Banking
Office of the General Counsel
1050 First Street, NE, Suite 801
Washington, D. C. 20002
Adam.levi@dc.gov

John Lui
Assistant Attorney General
Office of the Attorney General
441 Fourth Street, N.W., 630 South
Washington, D.C. 20001
John.lui@dc.gov

Daniel Watkins
Special Deputy Rehabilitator
901 New Hampshire Suite 200
Lawrence, KS 66044
danwatkins@danwatkinslaw.com

Lori J. Jones
SCRIBNER, HALL & THOMPSON
1030 15th Street, NW, Suite 700 East
Washington, D.C. 20005
ljones@scribnerhall.com

I further certify that on this 2nd day of June, 2021, true and correct copies of these documents were mailed via first-class mail, postage prepaid, to creditors with claims exceeding \$100.00.

/s/ Richard E. Hagerty
Richard E. Hagerty

30 LARGEST CLASS 3 CREDITORS

MedStar Health: Washington Health Center
Georgetown Medical Center, Affiliated
Hospitals, Physicians & Physician Groups
c/o Joe Edmondson
Foley & Gardner LLP
3000 K St., NW Suite 600
Washington, DC 20007

Children's National Hospital
c/o Mary Anne Hilliard, Exec. VP & Chief Legal Officer
111 Michigan Avenue, NW
Washington, DC 20010

Providence Hospital/Ascension
c/o Christine Kocot McCoy, Exec. VP & General Counsel
101 South Hanley Rd., Suite 450
St. Louis, MO 63105

Howard University Hospital/Adventist
c/o Anita Jenkins CEO
2041 Georgia Avenue
Washington, DC 20060

United Medical Center
c/o Wayne Turnage
1350 Pennsylvania NW
Washington, DC 20004

D.C. Fire Department
Executive Office of the Mayor
1350 Pennsylvania Avenue, NW.
Washington, DC 20004

George Washington Hospital
George Washington MFA
Steve Bender, General Counsel
2150 Pennsylvania Ave. NW
Washington, DC 20004

Unity HealthCare
c/o Vince Keane
1220 12th St. SE, Suite 120
Washington, DC 20003

DentaQuest
c/o Dominion Dental Services
ATTN: Brad Terry, Director Legal Affairs
251 18th St South, Suite 900
Arlington, VA 22202

Beacon Health Options
c/o Jim Spink
200 State Street
Boston, MA 02110

National Rehabilitation Hospital (MedStar)
c/o John Rockwood, President and
Oliver Johnson VP & Gen. Counsel
102 Irving St. NW
Washington, DC 20010

SWH-Hadley, c/o Bridgepoint Healthcare
c/o Mark Ferrell CEO
4601 Martin Luther King
Washington, DC 20032

Dimensions Healthcare
Nathanial Richardson, Jr.
3001 Hospital Dr
Cheverly, MD 20785

DVA Healthcare Renal Care
James Hilger, Chief Accounting Officer
1231 Brentwood Rd, NE
Washington, DC 20018-1019

HSC Pediatric Center
c/o Nathaniel Beers, CEO
1731 Bunker Hill Rd, NE
Washington, DC 20017

LaClinica Del Pueblo
c/o Catalina Sol, Executive Director
2831 15th St
Washington DC 20009

Doctors Community Hospital
c/o Luminis Health, ATTN: Deneen Richmond, President
8118 Good Luck Rd
Lanham, MD 20706

Marys Center Maternal Child
c/o Maria Gomez, CEO
2333 Ontario Rd.
Washington, DC 20009

Anacostia River Emergency Physicians
c/o Russell Harris, President
1310 Southern Ave SE
Washington DC 20032-4623

Mid Atlantic Healthcare EMC Emergency Physicians
c/o Mark Smith, Owner
PO Box 7206
Philadelphia, PA 19101-7206

Harinder Sethi
1160 Varnum St NE Ste 318
Washington, DC 20017

Community of Hope Health Services
c/o Kelly Sweeney McShane, President
4 Atlantic Street SW
Washington, DC 20032

EXHIBIT A

Projected Closeout Budget

Cash on Hand 3/31/21	\$ 4,560,269.00
Legal, Accounting, SDR statements pending DISB Court Approval	\$ 20,000.00
IRS Tax liability	\$ 185,405.00
Final Record Storage/Destruction	\$ 278,962.00
Final Tax Return preparation/filing/shipping records to DCHSI	\$ 30,000.00
Final Accounting for taxes/closeout of estate/shipping records to DCHSI	\$ 25,000.00
Final Legal expense	\$ 50,000.00
Final SDR expense/distribution of assets	\$ 50,000.00
Contingency	\$ 35,000.00
	<u>\$ 674,367.00</u>
Projected Balance for Final 6% Class 3 Distribution	\$ 3,885,902.00